

**Before the
Federal Communications Committee
Washington, DC 20554**

In the Matter of)	
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Schools and Libraries Universal Service)	CC Docket No. 02-6
Support Mechanism)	
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Comments of the American Association of School Administrators

The American Association of School Administrators (AASA) submits these comments in response to Notice of Proposed Rule Making released on January 25, 2002. The Universal Service Program for Schools and Libraries, more commonly referred to as the E-Rate, has been crucial to increasing Internet access in public schools across America, in urban and rural and most of all, in high poverty areas. However, with the pattern that has developed over the past several years, it is clear that the demand for the program has dramatically outstrips the funding available. Applicants are unlikely to have their funding requests fully funded, if they are funded at all. AASA supports any efforts made to increase the funding supply for this program, including the raising of the cap from \$2.25 billion.

The American Association of School Administrators is the professional organization for more than 18,000 educational leaders across the United States and Canada and in many other parts of the world. Founded in 1865, members of AASA include superintendents of schools and other central office administrators, building level administrators (principals), college and university administrators and professors, and administrators from other local, regional, state and national educational agencies.

Within our comments on NPRM (FCC 02-6) we would like to address several areas including the ability to use rollover funds in subsequent funding years, the bundling of

content with Internet access, eligible services, the flexibility of the payment process, prioritization in funding and the appeals process.

1) Treatment of Unused Funds

AASA strongly supports Commissioner Copps's statement that unused funds should be rolled over to the next funding year. This was understood to be the initial intention of the law. Rolling over the funding from year to year would allow unused funds to be added to the next funding year's allocated total. For example, \$400 million of unused funding from Year 5 would be added to the \$2.25 billion from next year to make \$2.65 billion available for funding Year 6 requests. This would help solve the problem of increasing demand with limited funds and increase the ability to fund successful appeals, another one of the Commission's concerns.

AASA believes that funding should NOT be credited back to service providers as long as every eligible application is not fully funded. It is clear that service providers are not reducing universal service fees to consumers – they're increasing them. In an January 7, 2002 letter to Chairman Powell, Representative Dingell (D-MI) clearly demonstrates that while the Commission's current Universal Service Fund factor is only 6.9% of revenues, AT&T charges closer to 11.5%. Service providers should not be entitled to receive roll over funding as long as they continue to overcharge their customers.

2) Discounts for Internet Access Bundled with Content

AASA opposes the expansion of the E-Rate to cover Internet access bundled with content in areas where there are other Internet connection possibilities. Even though the Internet access bundled with content may be a more cost effective option, it is important that E-Rate strives to maintain itself as a telecommunications, not an educational program.

There are cases, which the Commission already makes an exception for, where no other form of Internet access is offered. It is important that the Commission continues to make an exception in these cases only.

3) Eligible Services

AASA applauds the Administrator for the efforts that have been taken to keep applicants informed of eligible services; however, we argue these efforts do not always go far enough. Oftentimes, the eligible services information offered on the Administrator's website is flawed. Eligibility should be based on buckets, but buckets need to be updated to include "functional equivalency" in order to ensure technology neutrality. For instance, broadband service provided by DSL or T-1 is eligible *depending on who you buy it from*, while broadband service from cable companies or some wireless companies is ineligible. The Commission is *de facto* steering eligible entities' consumption choices by limiting them to artificial buckets of service, rather than allowing a free market and the best technology to meet the needs of eligible entities.

Therefore, AASA supports a list of eligible services used by Administrator should continue to be publicly available. However, this list should be as detailed as possible and includes specific pieces of equipment and model numbers if there continue to be discrepancies in the eligibility of these services. It should be stressed that applicants can use the list for reference, but not as a limit for what they can apply. This way it will not necessarily discourage applicants, but will help applicants avoid unnecessary appeals.

If this system is used, there should be an easy process for adding or removing items from the list. Publicizing this list will allow service providers and applicants to determine what services are not on the list and submit them to the Administrator for approval and encourage the list to be kept technologically up to date. Updates to this list should be made by the Administrator continuously and services listed as eligible when the applicant applied (471 filed) should still be eligible even if the Administrator changes eligibility status post application filing.

4) Specific Eligible Services & Requests of Eligible and Ineligible Services

AASA supports wireless services as being eligible if they are providing the functional equivalent of eligible wired telecommunications services for educational purposes. If a wired connection would be eligible in the same circumstances, the wireless connection

should be eligible. If not, then wireless services should not be eligible. This would enforce the technological neutrality of wireless services.

In addition, AASA also supports the coverage of voice mail service as part of E-Rate. We see voicemail as an important educational tool that works to link parents with their child's teacher. This is often the most effect way for them to communicate and directly affect the educational success of that particular child.

A concerning trend has been developing when applicants are applying for services under E-Rate. Many first time applicants and school districts with limited resources are being trapped by the 30 percent rule, while E-Rate savvy and larger districts often file a separate form for each of their desired services. This way those districts are rarely held up by the 30 percent rule. For the new applicants and smaller districts, their confusion over what is an eligible service often hinders them in the application process. AASA believes the 30 percent rule should be altered because of the current capricious nature of the eligible services list.

While AASA accepts that this rule makes the program execution easier for the Administrator, we remain concerned for those applicants who are unintentionally harmed. Though we believe the above suggested changes to the eligible services list will make it easier for applicants, we also support the lowering of the 30 percent rule to 20 percent. This will affect a smaller number of applicants, while still allowing the Administrator to efficiently process requests.

5) Prioritization of Funding

Prioritization of funding should be extensively revisited and the subject of a much more in-depth proceeding. In respect of the large demand for Year 5, and the expectation of the Administrator's ability to fund internal connections below the 90 percent level, it is a indicator that the prioritization and the funding cap must both be examined by the Commission in a future proceeding.

6) Post Application Process

AASA supports any changes to the E-Rate process that would increase flexibility at the local level. In the case of payment method, we feel it should be left up to service provider and applicant to determine. Excessive up-front costs for the applicant may be a determinant in choosing a service provider, while some smaller service providers may not be able to provide both options to the applicant.

AASA supports that service providers should be given 20 days to remit funds to the applicant. However, applicants should be made aware exactly when those 20 days begin and service providers should be subject to fees for delaying payment to applicants. These fees should be subject to appeal for extraordinary circumstances.

7) Appeals Process

First of all, AASA applauds the Administrator and the Commission for the progress they have made in lessening the amount of time involved in the appeals process.

Nevertheless, AASA believes the appeals process needs to be significantly streamlined. Applicant deadlines for filing appeals should be extended from 30 days to 60 days and the “filing” date should be the postmark date rather than the date received. The Administrator should face a similar deadline for reaching a decision on an appeal.

When possible applicants should be able to easily track the progress of their appeal throughout the appeal process and should have access to up-to-the-minute information, including information about the concerns of the Administrator.

Additionally, funding of successful appeals needs to be revised as well. First priority for the funding “roll over” should be the funding of appeals. If appeals exceed available funding, the administrator should be able to collect advance payments from service providers that would be credited against the total amount to be collected in the following funding year. For example, if \$250 million were needed above the \$2.25 billion already allocated in Year 7 to fund all of the appeals that were approved during that Program

Year, total collections for Program Year 8 would be reduced to \$2.0 billion. However, the use of roll over funds would reduce that burden.

In summary, AASA supports the great strides the E-Rate program has made in connecting America's classrooms to the Internet and working to reduce the digital divide. We also applaud the progress that the FCC and the Administrator has made in streamlining the program thereby making it easier on the schools that apply. However, AASA believes that there are areas in which the E-Rate program can be improved as detailed in the above comments. We welcome the opportunity to respond to the Commission's request for comment as the Commission considers changes in the universal service support mechanism for schools and libraries.

Respectfully Submitted,

American Association of School Administrators

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